India's credit rating

1970. SHRI JANARDHANA POOJARY: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether his attention has been drawn to the news-item appearing in 'The Economic Times' dated 28th October, 2002 titled, 'Crumbling Finances likely to further erode India's rating';

(b) if so, the details thereof and how it is proposed to meet the crisis when guarantees to the extent of Rs. 44,000 crores devolve on the State Governments;

(c) whether it is a fact that the States, burdened as they are with large volumes of high cost debt, may not be able to meet their obligations and thus default; and

(d) if so, the details of borrowings by each State?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) Yes, Sir.

(b) and (c) The Central Government has been working jointly with the States to improve their fiscal situation which, *inter-alia,* included drawing up medium-term fiscal reform programmes, reform of small savings schemes together with interest rate reductions and debt swap facility.

According to Reserve Bank of India, the outstanding guarantees extended by the States amounted to Rs. 1,68,712 crores as at end—March 2001. However, many States have taken initiatives to place ceiling on guarantees. Gujarat, Karnataka, Sikkim and West Bengal have put statutory ceilings on guarantees, Rajasthan and Assam have imposed administrative ceilings and Tamil Nadu has taken a decision to charge guarantee commission on outstanding guarantee amount.

(d) According to Reserve Bank of India's report on State finances for the year 2001-02, the total net borrowing allocation in year 2001-02 was Rs. 12,857.30 crores to be shared among 28 State Governments as per enclosed Statement.

Statement

*Market Borrowings of State Governments**

Rs. Crore

Serial No.	States	2001-02 (Net Borrowing Allocation)
1.	Andhra Pradesh	1,549.20
2.	Arunachal Pradesh	16.22
3.	Assam	362.00
4.	Bihar	603.28
5.	Chhattisgarh	148.68
6.	Goa	80.00
7.	Gujarat	1,221.99
8.	Haryana	218.30
9.	Himachal Pradesh	333.09
10.	Jammu and Kashmir	205.36
11.	Jharkhand	204.21
12.	Karnataka	825.58
13.	Kerala	540.00
14.	Madhya Pradesh	385.92
15.	Maharashtra	1,020.15
16.	Manipur	21.30
17.	Meghalaya	70.00
18.	Mizoram	34.97
19.	Nagaland	110.00
20.	Orissa	514.71
21.	Punjab	345.00
22.	Rajasthan	839.37
23.	Sikkim	10.00
24.	Tamil Nadu	800.00
25.	Tripura	75.55
26.	Uttaranchal	168.00
27.	Uttar Pradesh	1,489.55
28.	West Bengal	664.87
	ALL STATES:	12,857.30

* As per Reserve Bank records

SOURCE: State finances, A Study of Budgets of 2001-02, Reserve Bank of India, January, 2002